



A STUDY ON IMPORTANCE OF SKILLED LABOUR FORCE IN THE DEVELOPMENT OF INDIAN ECONOMY

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Abstract:

Each factor of production is used differently, and labour or human capital can be used either in the process of manufacturing a product or providing a service within an economy. The growth of the labour and workforces depends on population growth and labour force participation rates along with the rate of growth of the economy and generation of employment opportunities. Labour and human capital are in limited and scarce quantities. For labour and human capital to be used efficiently, it warrants the acquisition of knowledge, skills, and capabilities that employers need in our current economic times and knowledge-driven economy. India have identified skills development as a strategic objective. All states are stepping up investments in skills. In India how many women and men are in employment and how productive they are at work has a lot do to with the available

opportunities to acquire and maintain relevant skills. Equipping the workforce with the skills required for the jobs of today and those of tomorrow is a strategic concern in the national growth and development outlooks of all countries.

Introduction

Needs of Skill development is an important for labour/human capital to reduce the unemployment by improving their skills, productivity and helping sustainable development and inclusive growth. It creates the large amount of productivity, increased employment opportunities, standard of living and earning opportunities. However, this is just one factor among many affecting the productivity whose measurement differs for individuals, enterprise and economy. The growth of the economy can be determined by increase in productivity. In all sectors, the increase of the productivity depends on several factors like availability of skilled & healthy manpower; technological up gradation and innovative practices; and sound macroeconomic strategies. Many countries face different challenges at different levels of development in the economy. In the context of developing economies like India the challenge is to meet the skilled manpower requirement to get all sectors growing between employers and the training providers, increased investment in the



training infrastructure and also to ensure that the informal economy also have skilled manpower wherein the informally trained skills are recognised and certified and that entrepreneurship training is provided for moving to formal sector.

Skilled manpower is essential to carry out several development activities. To carry out several development works may be difficult in the absence of skilled manpower. They also play vital way for the systematic utilization of the natural resources and help to conserve them as well. Growth is the best antidote to poverty and with a vast population of near about 1.2 billion India has a rich human resource involved in many sectors thus empowering and steering the country's economy forward. The biggest challenge before India is to leverage the huge skilled natural and human resources to ensure rapid economic growth. Skilled personnel contribute to efficiency, growth, increased production, improved quality and market reputation of the organization for which they work and also the country.

The role of India's human resource in country's development

Human resource is the backbone of any country's development. Since last two decades India's human resource has made its presence felt not

only in the country but across the world. The world recognizes India as one of the most exciting emerging economies of the world. In the last few decades, it has become a global hub of outsourcing.

India's population is growing at a rate of 17.7 per cent per decade and its current size is around 1.39 billion according to 2021 census. India is among the youth countries of the world and its young population (15-59 years) is increasing steadily. The developed countries observed based on population projection its shoes that, India would be the only country with a surplus of 47 million youth. India has a great opportunity to meet the future skilled manpower demands of the World, India can become the worldwide sourcing hub for skilled workforce. The Indian firms like Airtel, Tata, Reliance etc are spreading their wings globally through mergers and acquisitions. The country's vast human resource has played a great role in establishing country's global presence in the last few years. Growth in inputs and factor productivity has also played a decisive role. Properly trained and highly skilled human resources are perceived as the greatest asset of an organization or a country.

Training and skills development

Training and skills development is most important and covering all stages of life. Basic



education provides an individual to develop his potential and to get his employment. Initial training gives the basic work skills, general knowledge, and industry-based learning. Lifelong learning maintains the individual’s skills and competencies as work, technology and skill requirements change. Countries are focused on improving their skills development system by learning the innovation and experience from the other countries.

Education and skill development

Education is an important vehicle for enhancing people’s capacities. Education and Skill are the powerful factors of economic growth and social development of a country. Level of skills can adjust more effectively to compete the challenges and opportunities of the world of work. To achieve India’s aim to become a ‘knowledge economy’ in the coming decades, the country should give importance to improve the labour skills and the skill knowledge have to be adopted based on the education environment of the country. Recently the focus has been shifted on skill development and job-oriented education, provided traditionally through vocational training and other higher education institute. People with more education are likelier to participate in the labour force than people with less education.

Labour force participation rate in India

The Skill Development and Employment Division plays a key role in (i) building and sharing knowledge for accelerating policy initiatives for making Indian youth and workforce employable, (ii) identifying as well as offering solutions to critical issues concerning employment, jobs and livelihood creation. The Division provides advice and policy guidance to key stakeholders involved in skill development, employment generation and social welfare.

Labour force participation is an important component of economic growth: As more people participate in the labour force, firms are able to expand employment and increase production.

The Labour Force Participation Rate measures the number of persons aged 15 and over who are employed and unemployed but looking for a job divided by the total working-age population.

Year	Labour force participation rate (%)
2010	53.531
2011	52.571
2012	51.610
2013	51.005
2014	50.400
2015	49.795
2016	49.190
2017	48.585
2018	47.980
2019	48.140
2020	44.925
2021	45.571

India Labour Force Participation Rate increased to 45.6 % in Dec 2021, compared with 44.9 % in the previous year. The Ministry of Labour and



Employment has taken several initiatives, legislative as well as administrative, to provide decent working conditions and improved quality of life for workers, employment generation and simplification of Labour Laws for ease of doing business. The endeavour of the Ministry is to create a climate of trust that is essential for economic growth and development and for the dignity of the labour force of the country. Approximately 70 million additional individuals of working age (15-59 years) are expected to enter the country’s labour force by 2023.

The youth unemployment rate refers to those in the workforce who are aged 15 to 24 years and without a job, but actively seeking one.

Year	Youth unemployment rate (%)
2010	20.4
2011	20.81
2012	21.24
2013	21.7
2014	21.99
2015	22.33
2016	22.6
2017	22.72
2018	22.85
2019	23.01
2020	19.2
2021	24.9

In 2021, the estimated youth unemployment rate in India was at 24.09 percent. Youth

Unemployment Rate in India decreased to 22.90 percent in the first quarter of 2021 from 24.90 percent in the fourth quarter of 2020. source: Ministry of Statistics and Programme Implementation (MOSPI)

Young population is an asset only if it is educated, skilled and finds productive employment.

India needs to provide skills and training to its young workforce if this window of opportunity is not to be lost.

Conclusion

Skill development is central to achieving high levels of sustainable economic growth. A low-skill, low-productivity, low wage economy is unsustainable in the long term and is incompatible with poverty reduction, this is the vicious circle of inadequate education, poor training, low productivity and poor quality jobs and low wages that traps the working poor and excludes workers without relevant skills from participating in economic growth and social development in the context of globalization and this negatively affects the competitiveness of enterprises and their capacity to contribute to economic and social development. There are still many things to be done in the areas of removing illiteracy and poverty which will directly help in creating more and more skilled professionals thus



creating more and more skilled human resource for different sectors.

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